



भारत का राजपत्र

The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

Mar
3/11/98

सं. 17] नई दिल्ली, शुक्रवार, जून 12, 1998 / ज्येष्ठ 22, 1920

No. 17] NEW DELHI, FRIDAY, JUNE 12, 1998 / Jaistha 22, 1920

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 4th July, 1998.

BILL NO. 73 OF 1998

A Bill further to amend the Securities Contracts (Regulation) Act, 1956.

BE it enacted by Parliament in the Forty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called Securities Contracts (Regulation) Amendment Act, 1998.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

42 of 1956

2. In section 2 of the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the principal Act),—

Amendment of section 2

(a) after clause (a), the following clause shall be inserted, namely:—

(aa) “derivative” includes—

(A) a security derived from a debt instrument, share, loan, whether secured or unsecured, risk instrument or contract for differences or any other form of security;’

(B) a contract which derives its value from the prices, or index of prices, of underlying securities;’

(b) in clause (h), after sub-clause (i), the following sub-clauses shall be inserted, namely:—

“(ia) derivative;

(ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;”.

3. For section 29A of the principal Act, the following section shall be substituted, namely:—

“29A. The Central Government may, by order published in the Official Gazette, direct that the powers (except the power under section 30) exercisable by it under any provision of this Act shall, in relation to such matters and subject to such conditions, if any, as may be specified in the order, be exercisable also by the Securities and Exchange Board of India or the Reserve Bank of India constituted under section 3 of the Reserve Bank of India Act, 1934.”.

2 of 1934.

Substitution of
new section for
section 29 A.

Power to
delegate.

STATEMENT OF OBJECTS AND REASONS

In the last few years there have been substantial improvement in the functioning of the capital market. As the market grows, there is a demand for different instruments which would enable the investors to diversify as well as control the different risks in the capital market. One such demand relates to option and future market where investors can diversify their risks. The new instruments in capital market would not only help in diversification of risks but also strengthen and deepen the cash market. Thus there is an urgent need to include the derivatives as securities in the Securities Contracts (Regulation) Act, 1956 whereby trading in derivatives may be possible within the framework of that Act.

2. Recently many companies especially plantation companies have been raising capital from investors through schemes which are in the form of collective investment schemes. However, there is no regulatory framework to allow an orderly development of this market. In order that the interest of investors is protected, it has been decided that the Securities and Exchange Board of India would frame regulations with regard to collective investment schemes. It is, therefore, proposed to amend the definition of "securities" so as to include within its ambit the derivatives and the units or any other instrument issued by any collective investment scheme to the investors in such schemes.

3. In addition to above, it is also proposed to substitute section 29A of the aforesaid Act relating to delegation of powers. At present powers can be delegated to the Securities and Exchange Board of India. It is now proposed to delegate powers to the Reserve Bank of India also.

4. The Bill seeks to achieve the above objects.

NEW DELHI;
The 23rd June, 1998.

YASHWANT SINHA.

S. GOPALAN,
Secretary-General.

